



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

August 17, 2010

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To: Supervisor Gloria Molina, Chair
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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a report on the Legislative Analyst's Office analysis of the Democratic Budget tax swap proposal; an update on five County-sponsored measures related to: 1) State reimbursement for elections; 2) information sharing for the purpose of the prevention, identification, management or treatment of child abuse and neglect; 3) fees for storm water runoff; 4) provisions for reopening the new Martin Luther King, Jr. Hospital; and 5) licensure exemptions for out-of-state health care practitioners providing volunteer services; and a status report on 22 County-advocacy measures.

State Budget

As reported in the August 5, 2010 Sacramento Update, Assembly Speaker Pérez and Senate President pro Tempore Steinberg released an updated Democratic Budget Proposal to address the \$19.1 billion State Budget deficit. The proposal includes a revenue solution which would raise the Personal Income Tax rate by 1.0 percent for each income bracket (except the top bracket) and extend the current 0.25 percent temporary surcharge for all tax brackets retroactive to the 2010 tax year. The proposal also would increase the Vehicle License Fee rate from 1.15 percent to 1.65 percent and lower the State's sales tax rate by 1.75 percent in FY 2010-11 and an additional 0.75 percent in FY 2011-12.

According to the Democratic leaders, the proposal assumes that taxpayers would see an overall reduction in State and Federal taxes because it would swap taxes that would be deductible for Federal income tax purposes. The proposal is expected to generate \$1.8 billion in FY 2010-11 and \$3.3 billion in FY 2011-12.

"To Enrich Lives Through Effective And Caring Service"

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On August 12, 2010 the Legislative Analyst's Office (LAO) released its analysis of the Democratic Budget tax proposal. The LAO indicates that the proposal would generally result in higher State and Federal taxes for taxpayers earning between \$20,000 and \$200,000 a year with an overall increased aggregate net tax obligation of \$1.2 billion for California residents.

In addition, the LAO notes that tax liabilities would decline only for those taxpayers who itemize their Federal tax returns. Currently, an estimated 62 percent of California taxpayers do not itemize on their tax returns. The LAO concludes that the tax proposal fails to meet its stated goal of reducing or holding neutral combined State and Federal tax liabilities for all income groups; however, the concept of redistributing the State's tax burden to increase the benefit of federally deductible taxes has merit and with different tax rates or modifications there may be potential to find a more advantageous solution.

Status of County-Sponsored Legislation

County-sponsored AB 496 (Davis), which as amended on July 15, 2010, would require that all expenses incurred in the preparation for and conduct of elections called by the Governor to fill a vacancy in the office of State Senator, Member of the Assembly, United States Senator or Representative in Congress, be paid by the State, was held in Senate Appropriations Committee due to potential costs to the State.

County-sponsored AB 2322 (Feuer and Bass), which as amended on August 5, 2010, would clarify and strengthen the ability of county departments to share records for the prevention, identification, management or treatment of child abuse and neglect, and expand the type of data that may be entered on the Family and Children's Index, passed the Senate Appropriations Committee by a vote of 8 to 0 on August 9, 2010. This measure now proceeds to the Senate Floor.

County-sponsored AB 2554 (Brownley), which as amended on August 5, 2010, would authorize the Los Angeles County Flood Control District to implement storm water fees Countywide upon adoption of an ordinance by the Board of Supervisors to fund clean water programs, in compliance with Proposition 218, passed the Senate Local Government Committee by a vote of 3 to 1 on August 11, 2010. This measure now proceeds to the Senate Floor. Upon adoption of an ordinance by the Board of Supervisors, AB 2554 would require 40 percent of the funds be allocated within the County in the same proportion as the amount of fees collected within each jurisdiction, 50 percent to nine watershed authority groups in the same proportion as the amount of fees collected within each watershed, and 10 percent to the Flood Control District for implementation and administration of the water quality programs.

County-sponsored AB 2599 (Bass and Hall), which as amended on June 1, 2010, would codify the agreement between Los Angeles County and the University of California and provide adequate and predictable funding for the new Martin Luther King, Jr. Hospital, passed the Senate Appropriations Committee by a vote of 7 to 4 on August 12, 2010. This measure now proceeds to the Senate Rules Committee where it will be amended to refine the financing mechanism for the new hospital. Once the bill is amended, it will move to the Senate Floor.

County-sponsored AB 2699 (Bass), which as amended on August 2, 2010, would exempt out-of-state health care practitioners from California licensure when they are volunteering their time during a sponsored health care event, was held on the Senate Appropriations Committee suspense file. The Sacramento advocates will continue to work to move the bill forward.

Status of County-Advocacy Legislation

County-support-in-concept AB 12 (Beall), which as amended on August 2, 2010, would extend Federal foster care and Kin-GAP benefits to youth up to age 21, passed the Senate Appropriations Committee by a vote of 11 to 1 on August 12, 2010. This measure now proceeds to the Senate Floor.

County-supported AB 354 (Arambula), which as amended on June 23, 2009, would remove age restrictions on specified childhood immunizations to allow the California Department of Public Health to require Tetanus, Diphtheria, and Pertussis (Tdap) vaccinations for students prior to entering the seventh grade, passed the Senate Appropriations Committee by a vote of 11 to 0 on August 12, 2010. This measure now proceeds to the Senate Floor.

County-support-in-concept AB 963 (Ammiano), which as amended on June 30, 2010, would establish a stakeholder planning workgroup to develop a single renewal and recertification form to streamline the Medi-Cal, Food Stamp and CalWORKs eligibility determination process, was held in the Senate Appropriations Committee on August 12, 2010 due to potential costs to the State.

County-supported AB 1653 (Jones), which as amended on June 30, 2010, would have extended the hospital provider fee for an additional six months, from January 1, 2011 to June 30, 2011, as well as making other changes to implement the fee, passed the Senate Appropriations Committee with amendments by a vote of 10 to 1 on August 12, 2010. This measure now proceeds to the Senate Floor. The bill was amended to remove the six-month extension. This office is working with the Department of Health Services to re-evaluate the County's position on this measure.

County-supported AB 1998 (Brownley), which as amended on July 15, 2010, would prohibit specified retailers from providing single-use carryout bags to customers, authorize retailers to provide reusable bags that meet specified standards, and require retailers to provide recycled paper bags to customers for not less than \$0.05 per bag, was set for a hearing in the Senate Appropriations Committee on August 12, 2010, but was pulled from this Committee and referred to the Senate Desk.

County-supported AB 2064 (J. Perez), which as amended on July 1, 2010, would require the California Department of Housing and Community Development to release a notice of funding availability to potential applicants and designated local boards and to grant awards within 180 days of the notice, passed the Senate Appropriations Committee by a vote of 7 to 4 on August 12, 2010. This measure now proceeds to the Senate Floor.

County-supported-if-amended AB 2214 (Fuentes), which as amended on August 3, 2010, is an urgency measure which would require the Santa Monica Mountains Conservancy to use existing budget resources to complete a feasibility study for the Pacoima Wash as identified by the Los Angeles County Flood Control District by June 30, 2012, passed the Senate Appropriations Committee by a vote of 7 to 4 on August 12, 2010. This measure now proceeds to the Senate Floor.

County-opposed AB 2456 (Torrico), which as amended on August 4, 2010, would require local Emergency Medical Services (EMS) agencies to adhere to the policies and procedures issued by the California EMS Authority regarding the functions, certification and licensure of emergency medical technician personnel. The August 4, 2010 amendments to AB 2456 further complicates the bill because it would require any policies or procedures adopted or approved by a local EMS agency to be submitted to the Director of the California EMS Authority for review and approval. If the EMS Authority determines that the policies or regulations are not in compliance with State regulations, AB 2456 would allow the EMS Authority to order the local EMS to stop implementing the policy and would authorize the State to assess penalties on a local EMS agency for failure to respond to the notification.

AB 2456 would eliminate local oversight of the County's EMS Program approved by the Board of Supervisors, which was developed to ensure that every person in the County who calls 911 for a medical emergency receives the same level of quality services from emergency medical technicians and paramedics along with the appropriate access to medical facilities, such as trauma and cardiac centers.

The Department of Health Services (DHS) notes that AB 2456 would remove local authority to plan systems, determine medical protocols, and develop guidelines that are appropriate to meet the specific needs for Los Angeles County. In addition, the

measure would require the implementation of treatment protocols at the County's expense which may not be appropriate for our EMS system. DHS also notes that removing local authority for EMS standards would impact quality assurance and medical oversight, which may compromise public safety by limiting the County's ability to enhance services.

Despite active involvement by the Chief Executive Office, the Sacramento advocates, DHS and EMS agency staff to advocate the County's opposition to this measure, AB 2456 continues to move through committee hearings with little to no opposition from the Legislature.

AB 2456 is sponsored by the California Professional Firefighters and supported by the California Department of Forestry Firefighters Local 2881. The measure is opposed by the California State Association of Counties, Urban Counties Caucus, American Medical Response, California Hospital Association, Emergency Medical Services Administrators Association of California, Emergency Nurses Association, Health Officers Association of California, and the Boards of Supervisors of Fresno, Humboldt, Orange, San Bernardino, San Joaquin, and Santa Clara Counties, and the San Bernardino County Sheriff's Office.

AB 2456 passed the Senate Appropriations Committee by a vote of 7 to 4 on August 12, 2010. This measure now proceeds to the Senate Floor.

County-opposed-unless-amended AB 2499 (Portantino), which as amended on August 5, 2010, would revise the administration and licensing by the Department of Motor Vehicles (DMV) of traffic violator schools and would limit a court from contracting with a Court Assistance Program (CAP) to perform services related to the processing and monitoring of traffic violator schools, passed the Senate Appropriations Committee by a vote of 10 to 0 on August 9, 2010, and now proceeds to the Senate Floor.

Recent amendments would, on January 1, 2013, shift the responsibility of traffic violator school oversight to the DMV and would provide for the continuation of CAP monitoring on behalf of courts through January 1, 2013. Additionally, the amendments would allow the DMV, beginning on September 1, 2011, to contract with a Traffic Assistance Program (TAP), or until January 1, 2013, a CAP for monitoring of licensed traffic violator schools. Monitoring activities would include onsite review of traffic safety instruction provided in a classroom.

The Community Development Commission (CDC) indicates that the bill would end the current Traffic Violator School Monitoring (TVSM) Program contract between the CDC, the Los Angeles Superior Court (Court) and the Los Angeles Sheriff's Department on January 1, 2013. New contracts would be required with both the Court and the DMV.

CDC indicates AB 2499 may result in the elimination of the TVSM Program should the Court and DMV choose not to contract with the CDC. Additionally, the bill may eliminate the TVSM Fraud Prevention Program conducted by the Sheriff's Department in cooperation with the TVSM Program. The DMV does not currently have any such partnerships with law enforcement and AB 2499 does not require the establishment of one. According to the CDC, the DMV has acknowledged that it currently does not have the ability or resources to conduct the regulation and monitoring of home study traffic schools and classroom traffic violator schools. Therefore, the elimination of the TVSM Program could bring to an end of routine monitoring of traffic violator schools in the County.

The Sacramento advocates have learned that it is unlikely that the author will accept the County's first set of proposed amendments, which would require the DMV to conduct routine monitoring, fraud investigation and law enforcement for all traffic schools and to contract with a court for local-level routine monitoring services because of potential costs to the DMV and the State. Due to the fact that the proposed changes in the bill language would not be accepted, the CDC and this office recommend that the County no longer seek amendments to require the DMV to conduct routine monitoring, fraud investigation and law enforcement for all traffic schools and to contract with a court for local-level routine monitoring services.

Instead, the CDC and this office recommend the County seek amendments to continue the existing contract between the Court Assistance Program and the Los Angeles Superior Court with the successor DMV in order to maintain the TVSM Program and adequate funding for routine traffic violator school monitoring, fraud investigation and law enforcement services in the County. **Therefore, CDC and this office recommend that the County continue to oppose AB 2499 unless amended as noted above.**

County-opposed AB 2531 (Fuentes), which as amended on August 3, 2010, would expand activities eligible for redevelopment to include: 1) the provision of direct assistance, including but not limited to loans, loan guarantees and other financial assistance, to businesses within redevelopment project areas for retaining and expanding employment, or achieving certain environmental objectives; and 2) job training, job placement, apprenticeship and pre-apprenticeship programs within project areas, passed the Senate Floor by a vote of 22 to 13 on August 12, 2010. This measure now proceeds to the Assembly for concurrence in Senate amendments.

County-supported AB 2555 (Feuer), which as amended on May 28, 2010, would appropriate \$1.6 million to support long-term care ombudsman programs administered

by the California Department of Aging, was held in the Senate Appropriations Committee on August 12, 2010 due to potential costs to the State.

County-supported AB 2592 (Buchanan), which as amended on August 4, 2010, would require the California Department of Education to establish a pilot program to measure the quality of child care and development programs, based on the recommendations of the Early Learning Quality Improvement System Advisory Committee, and if Federal early care and education funds are approved, passed the Senate Appropriations Committee by a vote of 7 to 4 on August 12, 2010. This measure now proceeds to the Senate Floor.

County-supported-if-amended SB 346 (Kehoe), which as amended on August 2, 2010, would reduce the use of copper and other heavy metals in automobile brake friction materials starting in 2014, effectively remove copper from brake pad materials by January 1, 2025, and impose specified requirements on manufacturers and retailers of vehicles and brake friction materials, passed the Assembly Appropriations Committee by a vote of 7 to 4 on August 12, 2010. This measure now proceeds to the Assembly Floor.

County-supported SB 435 (Pavley), which would: 1) make it a crime for a person to park, use, or operate a motorcycle registered in the State that does not have the federally required label affixed onto the motorcycle or exhaust emission system indicating that the motorcycle or exhaust emission system meets the noise emissions standards; 2) require the person cited for violation of the Federal label requirement to provide proof of correction; and 3) make a violation of the Federal label requirement punishable by a fine of not less than \$50 or more than \$100 for a first conviction, and not less than \$100 or more than \$250 for a second or subsequent conviction, was amended on August 9, 2010 to change the effective date from January 1, 2011 to January 1, 2013. This measure is currently awaiting a vote on the Assembly Floor.

County-supported SB 454 (Lowenthal), which as amended on May 27, 2010, would repeal the January 1, 2011 sunset date to permanently: 1) require an owner of affordable housing to provide written notice to the affected tenant households and to the affected public entities before converting a property to market rate housing; 2) require an affordable housing owner to give limited priority to purchase the property to tenants and public entities; and 3) provide an exemption from the notice requirements if specified conditions are contained in a regulatory agreement recorded against the property, passed the Assembly Appropriations Committee by a vote of 17 to 0 on August 4, 2010. This measure now proceeds to the Assembly Floor.

County-supported SB 654 (Leno), which as amended on January 5, 2010, would expand eligibility for the Independent Living Program to former foster youth who are placed with a non-relative guardian on or after the child's eighth birthday, passed the Assembly Appropriations Committee by a vote of 17 to 0 on August 12, 2010. This measure now proceeds to the Assembly Floor.

County-supported SB 771 (Alquist), which as amended on August 2, 2010 would extend Medi-Cal and Early Periodic Screening and Diagnosis and Treatment Program benefits to emancipated foster youth up to age 26, was held in the Assembly Appropriations Committee on August 12, 2010 due to potential costs to the State.

County-supported SB 1084 (Liu), which as amended on August 2, 2010, would establish the California Economic Security Task Force to make recommendations to reduce poverty and increase economic security, was held in the Assembly Appropriations Committee on August 12, 2010 due to potential costs to the State.

County-supported SB 1091 (Hancock), which as amended on May 4, 2010, would require the State to seek Federal approval to extend Medi-Cal benefits to eligible youth awaiting adjudication in county juvenile detention facilities, passed the Assembly Appropriations Committee by a vote of 17 to 0 on August 12, 2010. This measure now proceeds to the Assembly Floor.

County-supported SB 1100 (Corbett), which as amended on June 15, 2010, would require producers of household batteries to institute a stewardship program to manage used household batteries by September 30, 2011, and establish collection rates for household batteries of 25 percent by January 1, 2014, and 45 percent by January 1, 2016, with an overall program target of 95 percent, was held in the Assembly Appropriations Committee on due to potential costs to the State.

County-supported-if-amended SB 1173 (Wolk), which as amended on August 2, 2010, would: 1) declare that the use of all "raw or potable water" for nonpotable municipal or industrial uses is a waste or unreasonable use of water if recycled water is available that meets specific conditions; 2) prohibit a person or public agency from using raw or potable water that is suitable for nonpotable municipal or industrial uses if suitable recycled water is available that meets specific conditions; and 3) declare that the use of raw or potable water for the irrigation of residential landscaping, floor trap priming, cooling towers, and air-conditioning devices is a waste and unreasonable use of water if recycled water is available that meets specific conditions, passed the Assembly Appropriations Committee by a vote of 11 to 7 on August 12, 2010. This measure now proceeds to the Assembly Floor.

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County-supported SB 1392 (Steinberg), which as amended on August 2, 2010, would expedite and streamline the allocation of mental health managed care and Mental Health Services Act funds to counties, passed the Assembly Appropriations Committee by a vote of 12 to 5 on August 12, 2010. This measure now proceeds to the Assembly Floor.

We will continue to keep you advised.

WTF:RA
MR:VE:sb

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants